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BUSINESS FIELD

COMMENT is rife on the enormous losses that have been made in the past twelve months in stocks, but in what, except real estate, has the depreciation not been monumental? Silver, wheat, corn, petroleum and products generally, have fallen off from 40 to 60 per cent, and if carrying charges are counted in, the depreciation would be found to exceed on the average 70 per cent. There are but a few stocks that have fallen 70 points, and many of them that declined considerably, paid dividends right along. The market in Wall street has not been more seriously handicapped than others have. Millions, hundreds of millions of dollars, have been lost in the past twelve months in products.

Russian shipments of wheat since August 1 have been about the same as last season. India about 20 per cent less since April 1 and but 40 per cent as large as two years ago. United Kingdom stocks are about 27,000,000 bushels less than a year ago. Reports from Chile indicate increased acreage. Harvesting in Australia, Argentina and India will soon be completed. The world now cuts wheat every month in the year somewhere. In a general way it may be said winter wheat the world over promises an average or good yield in 1894. About one-half the world's crop is winter wheat. More than 20 per cent of last year's total crop in Chicago and about one being in full view of consumers, and the other in front of bear speculators. Evidence seems to be accumulating the visible Monday next, and the amount afloat will be about the same as that a year ago. The expected increase in the French duty is thought to soon go into effect. The *Daily Market Record* estimates the world's wheat visible February 1 at 283,978,200 bushels, against 322,065,200 a month previous and 234,253,200 a year previous, and 237,420,200 January 1, 1893. These figures show the world's visible increased 913,000 in January. Last year same time there was a decrease of nearly 3,000,000. January last primary receipts were less than either of the two previous years; but larger than for any previous five years same time. The outside element and Wall street operators have been large sellers recently to prevent further losses. All old ways of reasoning values and trading seem to have been discarded. Values and freights the world round over were lower. We find the loss never could be made cheaper.

The visible supply of corn is 17,000,000 bushels, and has not been larger in February since 1882. The crop was one of the smallest in a decade, and considered as not being more than required to supply average yearly consumption. The export demand continues good; but not equal to the increased movement from first hands. Many claim consumption has been cut off in consequence of so much wheat having been fed to animals. Cribbers have not followed their usual custom in stocking up at country stations, on account of much inconvenience in securing money in the country. The credit panic seems to be the main cause of the recent decline and very low price preventing speculation, thus aiding the depression.

A little pamphlet recently published by the Bradstreet company gives an analysis of the causes of the 15,508 failures in business which occurred during the year 1893. They are: Incompetence, 2,546; inexperience, 940; lack of capital, 5,194; unwise credits, 736; failures of others, 446; extravagance, 108; neglect, 481; competition, 191; disaster, 3,493; speculation, 181; and fraud, 1,142. Of the causes thus assigned it will be observed that incompetence, inexperience, unwise credits, extravagance, neglect, speculation and fraud are defects of an intellectual and moral nature, and the failures attributed to them amount to 6,214, or two-fifths of the whole, while failures of others, competition and disaster are responsible only for 4,180, or less than one-third, the remaining 5,194, a little more than one-third, being due to lack of capital.

Of course, last year was exceptional, both in the number of failures and in the amount of the liabilities involved in them. Still, while in 1893 the bad failures were 15,508 in number, and the total amount of liabilities \$392,153,676, the bad failures in 1892 were 10,270 in number and the liabilities \$108,565,248, the same kind of failures in 1891 being 8,994 in number, with liabilities to the amount of \$193,178,000. This shows that

last year was remarkable not so much for the increased number of bad failures as for the greater average amount of the liabilities involved. During the twelve years preceding 1891 the average annual number of reported business failures in the strict sense in which the word is used by the Bradstreet company, was 9,256.

The extent of the losses by the failures of private persons and firms which we have been considering is, however, small in comparison with the hundreds and thousands of millions which have been swallowed up in the bankruptcy of corporations. The amount of railroad bonds on which interest was defaulted during the last three years, is very nearly if not quite \$1,500,000,000, and that of the railroad stocks which have either been greatly depreciated in value or rendered worthless must be as great. Not less than \$100,000,000 may be added to these sums for the bankruptcies, or, at least, failures to earn dividends, of the great industrial enterprises for which corporations have been formed and their stocks and bonds distributed among investors. Besides these, too, are numerous little ventures by manufacturing and mining corporations, which have practically borrowed their capitals and sunk them where they can never be recovered.

Duncan, Hollinger & Co., 837 P Street, furnish the following special market summary to THE COURIER:

Since last writing wheat struck a new bottom, 67½c, for May in Chicago. A new set of bulls took hold at the decline and a disposition to buy was shown by foreigners and millers. The elevator owners, to whom the cash wheat virtually belongs, immediately raised their prices and May wheat recovered to over 60c, in a very short time. Since then it has been very nervous and unsettled within a very short range. When wheat is at 57 or 58c, for May, it means that there is no ray of light to be seen in any direction, and with any hope of improvement in the situation the market quickly responds. It is to be borne in mind that millers generally are carrying very light supplies of wheat and that stocks of flour in jobbers and grocers hands must be very small. There are signs that the interior mills have pretty well exhausted the wheat lying tributary to them and must draw increasingly on the stocks from storage centers. When the situation inspires some confidence in prices the demand for current consumption will no doubt be supplemented by a stocking up demand and we may see the rapid reduction of the vital supply which we have so long waited. As we remarked in our last letter: the course of supply and demand should be very closely watched. We think that wheat cannot permanently remain as low as it is now and that it will do to buy on breaks. If prices remained at present level two months longer, a large reduction of the area sown would be the consequence. We have, besides the probability of good consumptive demand, the possibility of winter damage. Any of these events would put up prices, and a combination of them would greatly enhance value.

CORN: Is without special feature and seems to depend on receipts and the course of wheat. The condition of country roads does not admit of free movement at present.

R. G. Dun & Co., Frank M. Blish, manager, make the following summary of the business situation for THE COURIER.

"There has been very little change. Jobbers are scrutinizing orders closely, purchases continue small in volume, and chiefly for staples. There are a few indications that general business is gradually regaining tone, but the recovery is very slow. Collections are fairly satisfactory, and no local disasters are recorded excepting the losses of M. Ackermann & Co. and Bloch and Kohn in the fire of Tuesday last. Both houses expect to resume business promptly. Travelling men interviewed, report a growing confidence among their customers that spring will show some noticeable improvement. All classes of trade are eager for a speedy adjustment of the pending tariff legislation."

M. Ackermann & Co. of the "Famous" make the following announcement:

To our patrons:—Owing to a fire which destroyed our entire stock on February 21, we have made arrangements for the palatial building No. 1029 31 O street, and will be ready for business about March 10th. Our buyers are now in the East, and we assure you our stock will not be surpassed. Thanking you for past favors and soliciting a continuance of the same, we remain

Yours respectfully,
M. Ackermann & Co.
1029-1081 O Street.

FINANCIAL PANICS

(Written for THE COURIER.)

SO extensive has become the sea of credit upon which the business world floats that when a great storm like the panic of 1893 sweeps over it, the wrecks are numbered by the thousands.

A man's business is often like a ship upon this sea. The credit which sustains it and carries it on, may, under certain circumstances be the direct means of its destruction, if a leak is sprung.

The chances of the survival of each ship depends a good deal upon its inherent strength, and also a good deal upon the fierceness of the tempest which rages in its immediate locality. Meditation upon this latter proposition relieves us in some degree of admiration for the financial strength of those rural localities which are now boasting that they were so strong financially that they had no panic. Financial strength never receives ample demonstration until the fierce gales of public distrust, of uneasiness and stampeding fright sweep over the business horizon. On the seas of business the rule of the survival of the fittest is constantly at work. In a gale like 1893 the conspicuous boat that rides almost wholly out of water with high flag poles and floating banners, is the first to capsize. The boats with ballast, even if they are sometimes mud-scoops, seem to get along better. The town with the highest office buildings is not always the town with the highest credit, after the hail is over.

Now that this city and its business men have weathered the storm, the signs of the future are of surpassing interest to each one sailing the sea of business; and the probable duration of the present business depression is an appropriate subject of thought.

In order to arrive at any intelligent decision in this matter we must not only consider conditions as they now exist, but should endeavor to trace the course of business in the United States succeeding other "panic" years. There is little doubt in my mind that the year 1894, and the greater part, if not all, of the year 1895 will be "bear" years, and that the course of business, considering the country as a whole, will show only moderate improvement until 1896. This particular portion of the country however will probably be the more prosperous in comparison with the eastern and manufacturing portions, and will recuperate the faster; 1st, because the west went through a severe liquidation in 1890 incident upon the crop failure, and the panic of 1893 found us therefore in a better condition comparatively than the east, and 2nd, because in seasons of business depression agricultural production is always more stable than production in the manufacturing district.

There will not be the proportionate loss of wealth in the west which will be incident to an idle population in the eastern manufacturing centers. The opportunity for work, for which so many of the manufacturing employees are asking, is never denied to the agriculturalist of the west. Since the west is a large producer of the necessities of life, in the prices of which the first effects of a reviving business is always manifest; and since the history of other panics shows that the agricultural districts, and especially the west, are large gainers in population during periods of business depressions, it follows that the references to former periods which I am about to make to show the duration of the depression following other panics, do not apply with such force to the west as to the country as a whole.

Nevertheless it would seem that even in this section we are not justified in expecting a very marked improvement for some time.

After the panic of the fall of 1873 there does not seem to have been any very great recovery in business until about 1879 or nearly five years later, although the year 1878 witnessed quite a revival in business.

In the introduction to Poors Manual for 1877-78 in reviewing the year 1876, the editor says, "Though the past year has been one of great depression in the railway, as in all the other interests of the country, the aggregate results of their operations have been fairly satisfactory."

Further on he says, "It will be seen by the above tables, that while the gross earnings have fallen off \$5,807,546, the net earnings have increased \$946,314.00. This increase has been due chiefly to the great economies practiced in conducting the operations of the roads. Whether these economies have been at the expense of the condition of the roads, the future must determine. The introduction of steel rails has doubtless been a

considerable element in the cheaper ratio of operating expenses."

In view of the great economies being practiced by the railroads of 1894 and the small reduction in railroad net earnings as compared with the falling off in gross earnings, this quotation and the one following, from Poors Manual, possibly would prove interesting to a speculator in railroad stocks.

In introduction to Manual for 1878 in reviewing year 1877 the editor says, "The depression of the three previous years still continues. Not only has there been a considerable decline in the construction of railroads, but the earnings also show a larger relative decrease than at any period since the first publication of the Manual."

Further on he says, "It will be seen by the above tables, that the gross earnings have fallen off \$24,348,987 and the net earnings \$15,476,055.00 as compared with 1875. The ratio of net to gross earnings was 36.16 per cent, as against 37.6 per cent for 1876, equal to an increase of 1.36 per cent in the operating expenses as compared with the preceding year." "No dividends were paid on any of the railroads in the states of Arkansas, Colorado, Florida, Kansas, Louisiana, Mississippi, Missouri, Nebraska, Oregon, Texas and Vermont—nor excepting on leased lines in Iowa and Minnesota."

In Poors Manual for 1879 giving a resume of railway business in the United States for year 1878 the editor has this to say, "In our present number we are able, for the first time for several years, to report a very decided recovery of the railway interest of the country from its recent exceedingly depressed condition—A remarkable feature in the railroad operations of the country for several years past has been the enormously increased tonnage in the face of a large falling off of earnings."

Since 1873, the year in which the earnings of our railroads reached their maximum, the increase of tonnage has equalled 50 per cent, although the period has been one of unexampled business depression. A reference to the statements of the several roads will show that at the very time at which there has been the greatest complaint of hard times, the movement on merchandise has steadily and largely increased."

In the Manual for 1880 in reviewing the year 1879 the editor says, "The thirteenth annual number herewith presented records the largest earnings ever received by our railroad companies as well as the largest annual increase in miles of road built since 1873."

It may also be stated here that authorities seem to agree in fixing the time of recovery from the panic of 1837 at from six to seven years. As that panic had its inception in conditions much like the ones preceding the panic of 1893 it will be of interest to quote here from the article on President Andrew Jackson, Vol. 13 Encyclopedia Britannica.

"About the same time (1837) a law passed congress for distributing among among the states some \$35,000,000, balance belonging to the United States, the public debt having all been paid. The 80 banks of deposit in which it was lying had regarded this sum almost as a permanent loan, and had inflated credit on the basis of it. The necessary calling in of their loans in order to meet the drafts in favor of the states combining with the breach of the overstrained credit between America and Europe and the decline in the price of cotton, brought about a crash which prostrated the whole financial, industrial and commercial system of the country for six or seven years."

The panic of 1857 commenced with the failure of the Ohio Life & Trust Company which stopped payments August 24th. It is said business was in a depressed condition until the Civil war commenced in 1861.

The following table, which I take from an argument of Hon. Jeremiah M. Rusk, used by him as a part of a tariff argument in congress, August 11, 1876, will be of interest as showing the general range of prices of necessities during the years 1872 to 1876.

Quotations are for first quality of goods, New York market, on the first day of January of each year:

1872—Wheat per bushel, \$1.08; flour per barrel, \$9.25; corn per bushel, 70c; coal per chaldron, \$4.50; pig iron per ton, \$36.00; leather sole per pound, 28c; mess pork per barrel, \$14.00; mess beef per barrel, \$8.00; sugar per pound, 9c; lard per pound, 9c; cheese per pound, 10c; rice per 100 pounds, \$8.25; salt per bushel, 45c; wool per pound, 60c.

1873—Wheat, \$1.85; flour, \$9.40; corn, 90c; coal, \$5.00; pig iron, \$45.00; leather sole, 28c; mess pork, \$14.75; mess beef, \$11.00; sugar, 8c; lard, 8c; cheese, 14c; rice, 75c; salt, 35c; wool, 65c.

1874—wheat, \$1.65; flour, \$9.80; corn, 78c; coal, \$5.25; pig iron, \$35.00; leather sole, 27c; mess pork, \$14.50; mess beef,

\$10.00; sugar, 8c; lard, 8c; cheese, 8c; rice, \$9.50; salt, 30c; wool, 55c.

1875—Wheat, \$1.17; flour, \$5.25; corn, 93c; coal, \$6.00; pig iron, \$28.00; leather sole, 28c; mess pork, \$20.00; mess beef, \$12.00; sugar, 8c; lard, 14c; cheese, 15c; rice, 88.00; salt, 28c; wool, 50c.

1876—Wheat, \$1.20; flour, \$5.40; corn, 74c; coal, \$6.50; pig iron, \$23.00; leather sole, 27c; mess pork, \$21.00; mess beef, \$12.50; lard, 13c; cheese, 14c; rice, \$7.00; salt, 30c; wool, 52c.

Allowing for effect of grasshoppers in the west on the January 1, 1875, corn and provision prices, it will be seen that on January 1, 1877, there was a fair recovery in prices; but that on January 1, 1878, a little over one year after the beginning of the panic of 1873, there was no general recovery in prices; but even a falling off from the "panic" prices of January 1, 1874, in many instances. A similar condition of facts seems to exist in the case of our 1894 prices—not only in wheat but in almost every other commodity.

The conclusion we should draw from the reference we have given above, as well as from the weak and listless condition of all markets at present, is that the recovery from the present business depression in the country will be very gradual, and that not until 1896 will there be a very marked improvement generally. In the west we may hope for a fairly good year in 1895; but in my judgment, must not build hopes upon any material improvement during the year 1894.

CHARLES G. DAWES.

LINCOLN AND REFORM

(Written for THE COURIER.)

ONE of the principal defects of the present municipal system is that it is too cumbersome. There are too many departments; too many chiefs; too much division of authority and responsibility, entailing carelessness in the administration of public affairs and profligacy in the expenditure of the public's money.

The idea of ward representation is firmly implanted in the minds of the people, and it will probably be difficult to disabuse the public of the idea that it is necessary to elect councilmen from wards. In the city of Lincoln a great deal of money is thrown away every year through the efforts of ambitious councilmen to "look after" their own wards. A councilman may be a thief; but as long as he steals for his own ward he is all right and a good fellow. Four councilmen at large, or commissioners, who would receive a salary of, say \$2,000 a year, and devote their whole time to the affairs of the city, would probably give the city and every part of it just as efficient an administration as under the present system, and at a much smaller cost.

There is no real use for the excise board. Wipe it out altogether. Give the mayor the power to appoint the chief of police and the chief of the fire department, with full control over both departments, and hold him strictly responsible for the same. A \$2,500 a year mayor, if properly selected and clothed with this power, could give the city infinitely better service than is possible under existing conditions. There would be no conflict between departments, no disputed authority. The granting of saloon licenses and all such matters could be attended to by the commissioners.

With a water commissioner and city engineer there is no need of a board of public works. The fewer officers the better.

Inasmuch as the boundaries of the municipality and the school district are already so nearly the same they should be made exactly alike, and the city commissioners should have charge of and regulate all the expenditures for the schools. This one body should be vested with the tax levying power exclusively, and it should have exclusive control over the expenditure of all municipal moneys for any purpose whatsoever. The school board or board of education should advise with the commissioners regarding the expenses of the school department, and prepare estimates for the guidance of the commissioners. All other matters relating to the schools should be left entirely to the school board.

A scheme of municipal government, such as above imperfectly outlined would, I believe, be a considerable improvement over the present system, provided good men, representative business men, and not politicians, were selected for the offices. Unless the proper sort of men are elected to public office, the best form of government would be ineffectual. If the political parties will not nominate acceptable men for office, the citizen should select their own candidates.

POLITICAL NOTES.

B. H. Dyer, of the Sixth ward, is a candidate for water commissioner. Several candidates are spoken of for this place, but Mr. Percival's prospects are regarded as very good.

Ex Senator T. J. Pickett of Ashland, is a candidate for the nomination for secretary of state, not included in the list given elsewhere.

Joe Burns is a candidate for the state senate.

John P. Maule is suggested as a suitable nominee for councilman from the Fifth ward. Mr. Maule is also named in connection with the state senate.

Raymer, of the Fifth ward, is opposing Dobson for the nomination for city engineer.

It is said that Ed Siser is thinking of becoming a candidate for Mayor next term.

A. E. Cady, of St. Paul, hasn't made any move and probably will not make much of an effort; but there is some talk of him as a candidate for governor.

Maybe there will be a citizens' movement, or a citizens' committee or a citizens' ticket this spring.

John T. Cochran and Beeson are still figuring on the police judgeship.

T. C. Munger and Paul F. Clark are candidates for the legislature.

The annual convention of the Nebraska league of republican clubs will probably be held in Lincoln this summer.

John B. Wright is spoken of a possible candidate for congress.

Candidates for the school board are maintaining a discreet silence.

There's lots of politics in the present excise board. The mayor will be a candidate for the populist nomination for governor. A. D. Burr will be a candidate for clerk of the district court. F. W. Brown will probably be a candidate for mayor.

H. D. Estabrook is mentioned as a candidate for congress from the Second district; but the brilliant Omaha lawyer will not oppose Dave Mercer.

George Woods' boom for secretary of state is sprouting.

Edward Bok's successful article in the January *Cosmopolitan* on "The Young Man in Business," has been reprinted in a tasteful and handy booklet form at 10 cents by the Curtis Publishing Company, of Philadelphia. To this reprint Mr. Bok has added some fourteen pages of editorial matter answering "Three Uncertain Young Men."

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In one respect, however, the money lost by these failures, corporate as well as private, although those who lent it or invested it may never get it back again, is not entirely wasted. It is the price which in business affairs, as in all other departments of human activity, must be paid for the wisdom which comes only through experience. We have not yet arrived at that pitch of intelligence at which we can infallibly judge in advance of the results which will follow any given line of conduct, and there never yet was any business enterprise which exactly fulfilled the hopes of its projectors. In a few rare cases those hopes are exceeded; in most they are disappointed, and in all the result is more or less different from that which was intended. Besides, it may justly be said that if before embarking our money we required to have its safety and the profits of its employment demonstrated beyond a peradventure, we should have to accept the low rate of compensation for its use which is paid upon that kind of assurance. If every speculation was as sure as a government bond, it would yield only the rate of interest yielded by a government bond. The excess of profit beyond that rate represents the extra risk incurred, and without that risk there would be no such excess.

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